

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

1. DIVIDENDS FOR WISCONSIN TRANSFER [LFB Paper 820]

GPR-REV	\$4,500,000
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Joint Finance/Legislature: Require WHEDA to pay \$2,375,000 in 2003-04 and \$2,125,000 in 2004-05 from its unencumbered general reserves to the state for deposit in the general fund. This is equivalent to an annual transfer of 25% of the revenues expected to be available for the "Dividends for Wisconsin" plan in each year of the biennium.

The statutes require that WHEDA's unencumbered general reserves be set aside for programs outlined in a "Dividends for Wisconsin" plan. This plan fulfills the Authority's statutory requirement to maintain an unencumbered general reserve fund within its general fund into which any Authority assets in excess of operating costs and required reserves are to be deposited. As a part of this plan, WHEDA is required to allocate a portion of its unencumbered general reserve funds to: (1) match federal funds available under the McKinney Homeless Assistance Act; (2) match federal funds available under the home investment partnership program; and (3) fund the property tax deferral loan program. Unencumbered general reserves are typically used to supplement bond proceeds to achieve more favorable interest rates or other lending terms and to fund other single-family, multi-family and special housing programs and small business assistance.

[Act 33 Section: 9127(1f)]

2. WISCONSIN DEVELOPMENT RESERVE FUND [LFB Paper 820]

GPR-REV	\$248,700
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Joint Finance/Legislature: The statutes require that annually on June 30, until no balance remains, WHEDA transfer to the state's general fund any balance remaining in the Wisconsin Development Reserve Fund (WDRF) after deducting funds sufficient to pay for all of the following: (1) all outstanding claims; and (2) guarantees under the WDRF generally at a ratio of \$1 of reserve funds to \$4.50 of total guaranteed principal that the authority may guarantee. WHEDA estimates the amount of this transfer to be \$248,700.

The Wisconsin Development Reserve Fund (WDRF) guarantees loans under the following loan guarantee programs: credit relief outreach program (CROP); farm asset reinvestment management (FARM); agribusiness; and small business program. The WDRF also funds the administrative costs of the loan guarantee programs and pays interest subsidies for the CROP loan guarantee program.